

Dear Investors,

In February, OSL's regulated business, OSL Digital Securities, experienced a huge uptick in inbound inquiries as a result of the [Hong Kong Monetary Authority \(HKMA\) and the Securities and Futures Commission \(SFC\)'s January joint circular](#) on digital assets. The circular gives the green light for banks and brokers to participate in the territory's regulated digital asset market provided they partner with a licensed platform - OSL is currently the only SFC-licensed digital asset trading platform in Hong Kong.

To respond to growing interest, OSL held an ["explainer" webinar on the circular](#) on 18 February that was attended by over 200 institutional and professional investors.

Bitcoin closed the month at approximately USD43,000 and ether finished at ~USD2,900 on 28 Feb, with volatility in the closing weeks of the month reflecting ongoing market jitters around recent macroeconomic and geopolitical news, including a growing sense of inevitability of the US Federal Reserve raising rates at least once in March.

Business updates

In February, BC Technology Group stock was included in the [VanEck Digital Transformation ETF](#) and the [Amplify Digital & Online Trading ETF](#). Group stock is also a constituent of the [CoinShares Blockchain Global Equity Index \(BLOCK Index\)](#).

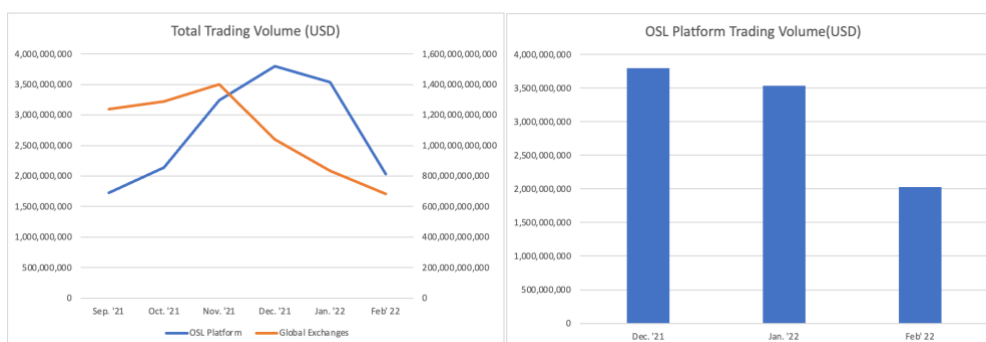
In addition, BC Technology Group, FCA-regulated Archax, and MAS-licensed InvestaX, announced on 24 February that they had jointly established the [International Security Token Offering Alliance \(ISTOA\)](#), and formed a global working group on blockchain-based digital securities (also known as security tokens or STOs).

ISTOA is an international consortium dedicated to creating and promoting technical, compliance, and corporate governance interoperability for blockchain-based digital securities. Its vision is to create a large, global, highly liquid market of cross-listed STO venues, with a heterogeneous mix of dealer brokers, exchanges, and custodians providing easy access to digital securities and servicing different client segments and jurisdictions.

The full press release is available [here](#). [Coindesk also published a write up on the announcement](#), featuring quotes from BC Group CEO Hugh Madden.

The STO Working Group has regular meetings, and is open to new members. Industry participants that wish to join can inquire at: contact@istoa.org.

OSL volumes for the past three months can be viewed below:¹



¹ **Disclaimer:** Total platform volume data are an estimated aggregate total of all trading activities on the OSL platform over the stated period. Such data are unaudited, based on various assumptions and methodologies that are subject to change, and may be subject to subsequent adjustments and corrections which we may later publish. Source: Cryptocompare as of 2 March 2022

BC Group

The decrease in OSL volumes in February is consistent with a global downward trend in exchange trading volume. This is likely the result of a number of broader market and macro factors, including a shorter month, the Chinese New Year holiday, growing uncertainty around the Russia-Ukraine conflict and fears of US Fed rate hikes.

In the news

OSL executives and BC Group senior leadership appeared in well-known media and market events in February:

- On 4 February, [OSL was mentioned in an article in The Asset](#) on the HKMA stablecoin paper
- I was featured on the [TVB Pearl Program, Money Matters, on 8 February](#) and discussed the rapid adoption of digital assets by large financial institutions
- On 10 and 11 February, Hong Kong financial media outlets [Finet](#), [ETNet](#) and [AAStocks](#) noted Fidelity International's acquisition of 596,000 shares of BC Technology Group stock
- BC Technology Group Head of Regulatory Affairs Gary Tiu was interviewed twice on the the impact of the SFC-HKMA joint circular and quoted on the subject in the [Hong Kong Economic Journal](#) as well as [Ming Pao Finance](#) on 14 February
- OSL Head of Singapore Kanny Lee and Global Head of Trading Ryan Rabaglia joined a panel on Demystifying Defi at GIC Private Forum In the Trenches Series on 17 February
- Head of OSL Digital Securities Jean-David Péquignot joined a panel, Beyond Market Neutral: Asset Managers and Proprietary Positions in Crypto at the [Crypto Regulation Asia Summit](#) on 24 February
- [Hedge Week on 21 February ran a press release on OSL's addition to the Talos partner network](#)

Additional digital asset market developments

Digital asset adoption continued across the world during February. In major regional news, [India on 1 February announced plans to start its own digital currency and to tax crypto assets](#), as the country aims to keep pace with the global move toward virtual financial instruments. Though this news caused some FUD in digital asset trading markets, it was widely seen as [a net positive](#) and an indication of global regulation and adoption of the asset class. On 18 February, Coindesk reported that the [UAE will issue crypto licenses in a bid to become a hub for the growing digital asset industry](#).

In the midst of an invasion by Russia, [the government of Ukraine legalized cryptocurrency](#), while the [New York Stock Exchange has filed a trademark application](#) for a proprietary digital asset exchange. Lawmakers in the US states of [Illinois and Georgia introduced tax incentives for crypto mining](#) and the [London Stock Exchange announced that it will pay USD325 million to acquire digital asset trading provider TORA](#).

[Superbowl XLV, a 23-20 victory by the Los Angeles Rams over the Cincinnati Bengals](#), featured a number of well-received digital asset commercials, with [Larry David's FTX spot](#) and [Coinbase's floating QR code](#) ad generating a bevy of headlines and fuelling viral social media discussion.

[Warren Buffet flip-flopped on his typically bearish crypto stance](#) when it was revealed on 17 February that Berkshire Hathaway had spent over USD1 billion on crypto in 2021. Meanwhile, [digital asset bull and OSL SaaS technology client DBS announced plans to launch retail crypto trading by the end of 2022](#).

In the funds space, [Sequoia Capital announced on 19 February that it will launch a new USD500 million crypto-focused fund, its first-ever sector-specific fund](#), and that it will invest primarily in exchange-listed "liquid tokens." In Hong Kong, [the first-ever metaverse-themed ETF, the CSOP Metaverse Concept ETF, listed on the HKSE on 21 February](#).

A number of banks, corporates and well-known entrepreneurs continued to enter the metaverse during the month, with [JP Morgan's Onyx division opening a lounge in the virtual space, and stating that the new market could be worth up to USD1 trillion](#). Other notable metaverse participants making news in

BC Group

39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

Tel: 3504 3200 | Email: contact@bc.group

2022 February Monthly Investor Update Published 2022-03-02

February include: [Manchester City FC](#), [Snoop Dogg](#), [Disney](#), [Zaha Hadid](#), [McDonald's](#) and [Nvidia](#), to name a few.

The team at BC Group and OSL are always available to discuss our monthly updates. Should you have any questions about recent BC Group and OSL business developments, the digital asset market, or regulatory developments, please feel free to reach out to us directly.

Sincerely,

Dave Chapman
Executive Director
BC Group (863 HK)

BC Group

39/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Tel: 3504 3200 | Email: contact@bc.group
2022 February Monthly Investor Update Published 2022-03-02